

Utah Legislature Legislative Management Committee

Request for Proposals

"Effects of Income Tax Credits for Private School Tuition"

GENERAL BACKGROUND INFORMATION

Purpose of Request for Proposals (RFP)

The purpose of this request for proposals is to enter into a contract with a qualified person, persons, or entity to conduct an analysis of the effects on Utah state government and school districts of various proposals to offer an income tax credit for private school tuition.

General Contract Information

It is anticipated that this RFP will result in a single award contract. The contract amount, the terms of payment, the length of the contract, and any other relevant terms will be negotiated between the Legislative Management Committee (LMC) or its designee and the successful offeror. Any contract resulting from this RFP will include terms and conditions similar to those attached to this RFP as Attachment "A," as well as other terms negotiated by the parties.

PROPOSAL SPECIFICATIONS

Background

Over the next 11 years, enrollment in Utah public schools is projected to increase 33 percent from its current level of 486,938 students to 650,548 students in 2015, or an increase of over 163,000 students. This represents an annual average growth rate of nearly three percent.

Utah also spends the least amount per public education student of any state in the nation. According to the National Center for Education Statistics for the 2000-2001 school year, current expenditures per pupil in membership in Utah was \$4,674 compared to a national average of \$7,376. Utahns also pay a relatively high percentage of their personal income in state and local taxes, ranking 12 in the nation for the 2001-2002 fiscal year.

During its 2004 General Session, the Legislature appropriated funds for and directed that a study on this issue be conducted (see Attachment "B.") To implement this study requirement and to carefully evaluate the effects of an income tax credit for private school tuition, the Legislative Management Committee of the Utah Legislature is seeking to hire a person, group of persons, or entity to conduct an analysis of, and evaluate the effects of: the following tuition tax credit bill considered, but not enacted, by the Utah Legislature:

2004 General Session:

House Bill 271 and 1st Substitute House Bill 271, *Tuition Tax Credits*, as amended.

Also study the effect of House Bill 271 and 1st Substitute House Bill 271, with:

- (i) smaller maximum credit amounts of \$1,000 for both the scholarship granting organizations and the tuition tax credits; and
- (ii) refundable and nonrefundable tax credits.

(This bill and substitute are available on the Utah Legislature's website: www.le.state.ut.us.)

Use the classification of private school as defined in House Bill 271, 2004 General Session

Research Questions

For the bill listed above, the Legislative Management Committee seeks the following:

- 1. By single year, for state fiscal years 2006 through 2018:
 - a. Where applicable and with regards to the Utah individual income tax:
 - (i) An estimate, by Wasatch Front and rural school district, of the number of students who will se the credit and a range, from low to high and a “most likely number”, including reasons supporting the range and the most likely number;
 - (ii) An estimate of the loss in tax revenue due to the credit; and
 - (iii) An estimate of the average tuition tax credit claimed.
 - b. Where applicable and with regards to the Utah corporate franchise and income tax:

- (i) An estimate of the number of taxpayers who will claim the credit and a range, from low to high and a “most likely number”, including reasons supporting the range and the most likely number;
 - (ii) An estimate of the loss in tax revenue due to the credit.
 - c. An estimate, by Wasatch Front and rural school district, of the number of additional student slots in Utah private schools that will be supplied by Utah private schools due solely to the tax credit.
 - d. An estimate, by Wasatch Front and rural school district, of the number of students who will enroll in a private school instead of a school in the school district due solely to the tax credit.
 - e. An estimate by Wasatch Front and rural school district of the cost to the state and to the districts of educating the number of children from items a. and d.
 - f. An estimate of the dollar amount of per pupil funding, considering all sources of educational funding, including local property taxes, for the remaining public school students after the students from items a. and d. leave the public system for education in a private school.
 - g. An estimate of the number of students who would have enrolled in private school regardless of the tax credit.
2. A review of the effects of tax credits on school district operating costs including:
- (i) an analysis of the extent to which school districts can respond to decreases in income tax revenue and number of students through reductions in expenditures for both fixed and variable costs;
 - (ii) an analysis of whether these decreases in expenditures will affect the quality of education provided by school districts;
 - (iii) an analysis of how tuition tax credits may affect operating costs of school districts with increasing, stable, or declining enrollment; and
 - (iv) an analysis of the effect of the tax credit on total per pupil funding in districts with increasing, stable, or declining enrollments.
3. A review of the effects of tax credits on school district capital costs and debt financing costs including:

- (i) an estimate of capital expenditures that will not be needed because of the tax credits;
 - (ii) the effect of the tax credits on outstanding bond obligations; and
 - (iii) an analysis of how tuition tax credits may affect capital and debt financing costs of school districts with increasing, stable, or declining enrollment.
- 4. An evaluation and analysis concluding whether or not the tax credits will result in a net financial benefit to the state and to school districts.
- 5. A statement of the assumptions upon which the above estimates, analysis, and evaluations are based, including an explanation of the methodology used.
- 6. A review of the long term impact of tuition tax credits, using a 13 year cycle to give the full perspective of the cost and benefits of such a program.
- 7. An estimate of the level or a range of tuition tax credit that results in a neutral fiscal impact or a break even point.
- 8. The impact of having scholarship granting organizations on the fund-raising of school district foundations.
- 9. The impact of tuition tax credits on the level of participation of students from low, middle, and high income families.
- 10. The economic impact if home school students were allowed to participate in the tuition tax credit.

INFORMATION ABOUT CREATING, FORMATTING, SUBMITTING, AND REVISING THE RFP

Issuing Office

The State of Utah's Office of Legislative Research and General Counsel is the issuing office for this document and all subsequent addenda relating to it, on behalf of the Legislative Management Committee. Inquiries about this RFP should be directed to Michael E. Christensen, Director, Office of Legislative Research and General Counsel. Email: mchristensen@utah.gov. Telephone: (801) 538-1032. Fax: (801) 538-1712.

Submitting Your Proposal

Primary Requirement:

The offeror's response to this request for proposals will be the primary source of information used in the evaluation process. Therefore, each offeror is requested and advised to be as complete as possible in its response.

Number and Deadlines:

One original and 20 identical copies of your proposal must be received at the Office of Legislative Research and General Counsel, attention Michael E. Christensen, W210 House Building, Salt Lake City, Utah 84114, on or before **June 3, 2004, 3:00 p.m. Mountain Daylight Savings Time**. Proposals received after that date and time will not be considered.

Restrictions on Publicity:

The successful offeror may not make any announcement about the award of the contract as a result of this RFP without the prior written approval of the Legislative Management Committee or its designee. Except as specifically authorized in the contract awarded, the successful offeror may not use any data, pictures, or other representation of the Utah Legislature in its external advertising, marketing programs, or other promotional efforts.

Organization of Proposal:

Offeror Information Page

The first page of the proposal must include the following information in the following form:

Offeror Summary Information

Name:

Contact person:

Address:

Telephone:

Fax:

Federal Tax ID#:

Email:

Description of Organization

Describe your organization, including organizational structure, age, locations of offices, web site, experience, financial stability, and qualifications of key personnel to be assigned to the project.

List of Owners

Provide a complete list of owners.

Current references

List a minimum of five references, including the name of a contact person, name of organization, address, and telephone number. The references must include at least three specifically related to the offeror's economic research experience.

Conflicts of Interest

Identify principals, clients, and other individuals or entities who substantially affect the business of the offeror whom the offeror knows has engaged in efforts to oppose vouchers or tuition tax credits or efforts to implement vouchers or tuition tax credits.

All proposals must be organized and tabbed with labels for the following headings:

Executive Summary: A one- to two-page Executive Summary should briefly describe the offeror's proposal and highlight the major features of the proposal. Persons reviewing the proposal should be able to determine the essence of the proposal by reading the executive summary. Proprietary information requests should be identified in this section.

Detailed Response: This section should constitute the major portion of the proposal and must contain at least the following information:

1. A complete narrative of the offeror's assessment of the work to be performed, the offeror's expertise and proposed methodology, and the resources necessary to fulfill the requirements.
2. The offeror's understanding of the desired overall performance expectations and should clearly indicate any options or alternatives proposed.
3. A specific point-by-point response, in the order listed, to each requirement in the RFP.
4. A proposed work plan that includes a basic plan and time schedule identifying the activities that must occur to complete your proposal.
5. The research methodology that the offeror will use to obtain the information necessary to answer each research question.

6. Each offeror should also assess and provide evidence that the offeror can analyze the issue and answer the research questions without preconceived conclusions or subjective bias.

Proposed Budget:

Please enumerate a detailed draft budget with the proposal.

Other Requirements:

The offeror's name must appear on each page of the proposal. Any erasures, cross-outs, alterations, or other changes must be initialed by the person signing the proposal.

The person signing the proposal must be authorized to commit the offeror and to conduct negotiations or discussions if requested or required, or both.

Modifications to the Proposal after Submission

The offeror may modify a proposal at any time, in written form, before the closing date listed in this RFP. A proposal may be withdrawn at any time before the award of the contract upon receipt of written notice by the Legislative Management Committee or its designee.

Costs of Preparing the Proposal

The costs of preparing and presenting the proposal (if required) will be borne by the offeror. The Legislative Management Committee assumes no liability for any costs incurred by any offeror in preparation and delivery of a proposal in response to this request for proposals, or attendance at any meetings relative to responding to this request for proposals.

EVALUATION OF PROPOSALS

General Evaluation Criteria

The Legislative Management Committee or its designees will evaluate the proposals and award a contract. The Legislative Management Committee will evaluate each offeror and proposal based upon the following factors:

Points	Criteria
50	Offeror demonstrates sound technical and analytical expertise in a wide range of disciplines including economics, public school finance, accounting, tax administration, and public education administration. This includes the qualifications and experience of the offeror for successfully completing the proposal, qualifications of assigned staff, adequacy of resources, and data sources.

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| 30 | Evidence of understanding the concepts relating to the RFP and specific responsiveness of the proposal to the descriptions contained in the RFP, including working plans for the project and demonstration of offeror's understanding of the requirements of the contract. |
| 20 | Overall cost of the proposed project and its relation to the proposed project activities. |

Time line

It is anticipated that the following time line will be used in finalizing this contract with the successful offeror; including the delivery of the oral and written presentation of the analysis to the Legislative Management Committee:

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|---------------------------|---|
| May 18, 2004 | LMC Meeting -- LMC members review and finalize Request for Proposals "Effect of Income Tax Credits for Private School Tuition" |
| June 3, 2004
at 3 p.m. | Deadline for proposals to be submitted to the Office of Legislative Research and General Counsel |
| June 4, 2004 | OLRGC mails proposals to LMC members to review |
| June 15, 2004 | LMC Meeting - Decide on successful bidder. LMC Chairs and Minority Leaders finalize details of contract with successful offeror |
| November 1, 2004 | Delivery of completed written study to the Office of Legislative Research and General Counsel for mailing to LMC members |
| November 9, 2004 | LMC Meeting - Oral and written presentation of completed study with any recommendations |

General Powers of Legislative Management Committee

The Legislative Management Committee reserves the right to reject any or all proposals, to waive any informalities or minor irregularities, or both, and to make the award in the

best interest of the Utah Legislature, with or without further discussions or negotiations. Proposals may be reviewed and evaluated by any person at the discretion of the Legislative Management Interim Committee. All materials submitted become the property of the Legislative Management Committee and may be returned only at the option of the Legislative Management Committee.

Clarification of Proposal/Research about Offeror

The Legislative Management Committee or its designee may contact any offeror to clarify any response, contact any current users of the offeror's services, solicit information from any available source concerning any aspect of the proposal, and seek and review any other information it deems relevant to the evaluation process.

Discussions with Offerors (Oral Presentation)

The Legislative Management Committee may award a contract based on the initial proposals received without discussion with the offeror. The Legislative Management Committee may, but need not, require an oral presentation by an offeror to clarify a proposal. If oral presentations are required, they will be scheduled after the submission of proposals. Oral presentations will be made at the offeror's expense.

Protecting Proprietary Information

The proposal of an offeror becomes public information. Certain commercial information (such as nonpublic financial information) may be protected if the information qualifies for protection under Utah Code Annotated Section 63-2-304. Pricing and service elements are not considered proprietary. An entire proposal may not be marked as proprietary. Offerors must clearly identify in the Executive Summary and mark in the body of the proposal any specific information that they are requesting be classified as "protected." The Executive Summary must contain specific justification explaining why the information should be protected. The Legislative Management Committee will determine whether or not to classify information identified as proprietary as "protected" under Section 63-2-304 of the Utah Code and will inform the offeror of its decision.